

Topic overview

Referendum on independence for Scotland 2014

# Overview of referendum spending

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This document is for campaigners at the referendum on independence for Scotland who want to know more about spending during the referendum.

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## Translations and other formats

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Tel: 020 7271 0500

Email: [publications@electoralcommission.org.uk](mailto:publications@electoralcommission.org.uk)

## Terms and expressions we use

We use 'must' when we refer to a specific legal or regulatory requirement. We use 'should' for items we consider to be minimum good practice, but which are not legal requirements.

You do not have to follow this guidance, but if you do, you will normally be doing enough to comply with the law.

## Our approach to enforcement

The Commission regulates political funding and spending. We are committed to providing those we regulate with a clear understanding of their regulatory obligations through our guidance documents and advice service. If you are unsure of how any of the rules apply to you, please call us for advice. We are happy to help, so please get in touch.

Wherever possible, we use advice and guidance proactively in order to secure compliance. And we regulate in a way that is effective, proportionate and fair.

If you do not comply with legal or regulatory requirements you or your organisation may be subject to civil or criminal sanctions. You can find more information about the Commission's approach to enforcement at [www.electoralcommission.org.uk/party-finance/enforcement](http://www.electoralcommission.org.uk/party-finance/enforcement)

# Overview of referendum spending

## Who this document is for:

Referendum campaigners who want to know about spending during the referendum on independence for Scotland.

## The document covers:

- An introduction to referendum spending
- What referendum spending is
- Managing referendum spending
- Working with other campaigners
- Recording referendum spending
- Reporting after the referendum

## Related documents:

- [Introduction to referendum campaigning](#)
- [Overview of referendum campaigns](#)
- [Situations and procedures – Pre-poll reporting for referendum campaigners](#)
- [Situations and procedures – Referendum on independence for Scotland 2014](#)
- [Situations and procedures – The designation process](#)

## Campaign spending returns

- [Party Election Finance \(PEF\) Online](#)
- [Form RIS3A – Declaration of spending £10,000 or less](#)
- [Form RIS3B - Referendum campaign spending return](#)

## Expert papers

- [Splitting campaign spending](#)
- [Valuing auction prizes](#)

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## Summary

Referendum campaign spending is regulated under the Scottish Independence Referendum Act 2013

This overview will give you a broad understanding of the principles of referendum spending and the rules you need to comply with.

## Introduction

In the run up to a referendum, there is a formal campaigning period called the ‘referendum period’.

During this period, referendum campaign spending limits and rules apply.

These limits and rules cover most referendum campaigning activities. They also specify who can authorise spending and how you must record and report your expenditure to us.

If you want to spend more than £10,000 on campaigning, unless you are “working together” with a lead campaign group (see further below), you must register with us.

For more information see:

- [Introduction to referendum campaigning](#)

## What is referendum spending?

Referendum spending is expenditure for certain activities that are intended to promote or bring about a particular outcome in the referendum.

It includes:

- Items or services bought before the referendum period begins, but used during it
- Items or services given to you free of charge or at a non-commercial discount of more than 10% (see ‘Notional spending’ on page 6).

For more information on the dates for the referendum period and the spending limits, see this document:

[Situations and procedures – referendum on independence for Scotland 2014](#)

## Working together with other campaigners

Campaigners can work together if they wish to do so. Some combined spending will count towards the limits for each campaigner involved. This is to stop people getting around the spending limits by coordinating several campaigns at the same time.

However, combined spending will not count towards the limits for campaigners working with a designated lead campaign group, other than towards the limit of the lead campaign group itself.

### Important

Campaigners need to be very careful that they understand the rules on working together. If campaigners don't follow the rules they may be in breach of their spending limits. We therefore strongly recommend that you contact us for further advice.

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You can find out more about these rules in 'Working with other campaigners' on page 7.

## What activities count as spending?

Activities included in referendum spending are:

- campaign broadcasts (if you are a designated organisation)
- advertising of any kind. For example, street banners, websites or YouTube videos
- unsolicited material sent to voters. For example, letters or leaflets you send that aren't in response to specific queries
- other 'public' documents about the referendum, such as setting out your campaign's arguments
- market research or other methods of finding out how people intend to vote
- press conferences or other dealings with the media
- rallies and events, including the cost of people's attendance, and any goods, services or facilities provided
- transport in connection with publicising your campaign

You must include all the costs associated with each activity (unless the costs don't count as spending – see the next section on page 5). For example, if you are producing leaflets or advertising, you must include the design and distribution costs.

You must also include overheads or administrative costs which are associated with each activity. For example, this could include increased telephone and utility bills for your office. You should make an honest assessment of the amount you have spent based on the facts.

Not all overhead or administrative costs count as referendum spending - only those associated with each of these activities that are incurred for referendum purposes. So overhead or administrative costs associated with other activities, such as the excluded activities, don't count as referendum spending and do not have to be reported. For example, overhead or administrative costs associated with people's travel or accommodation (provided you don't reimburse them) don't

### Important

You must include material sent to your members or supporters.

### Important

All costs should include VAT, even if you can recover VAT payments.

need to be reported. See below for more details on what activities don't count as referendum spending.

### **Splitting expenses**

You may need to split your spending in some cases.

For example, between activities which count as referendum spending and those that don't. You can find out more on page 10.

### **Downloadable material**

If you put material on your website for people to print off for their personal use, such as window posters or petition forms, the design and website costs count as campaign spending. You would not need to count people's print costs against your spending limit, unless people are printing documents on your behalf.

### **Designated Lead campaign groups' broadcast costs**

If you are a designated lead campaign group, you must include the costs of producing your referendum campaign broadcasts. You do not need to include the value of the airtime .

## **What doesn't count as spending?**

- volunteer time
- permanent, fixed term or temporary staff costs where the staff member has a direct employment contract with the campaigner
- people's travel, food and accommodation costs while they campaign, unless you reimburse them
- expenses met out of public funds. For example, security costs for VIP visits
- expenses in respect of publication in a newspaper, periodical, and certain broadcasts

### **Volunteer time**

Sometimes you may not be sure if someone is a volunteer or if their time should be treated as notional spending.

For example, they may offer similar services professionally to the ones they are performing for you.

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They are likely to be a volunteer if, for example

- the time they spend on your campaign is not paid by their employer (unless it is their usual annual leave)

If they use specialist equipment or materials, you should consider whether their use is notional spending, using the principles in the section below.

## Designated lead campaign groups' use of public rooms

If you are a designated lead campaign group, you are entitled to use certain public rooms free of charge. You do not need to include a value for hire of these rooms as referendum spending, but you must include any charges made for heating, lighting or insurance.

Notional spending is the difference in value between the commercial rate for an item or service and the price you actually pay for it

## Notional spending

Notional spending is the difference in value between the commercial rate for an item or service and the price you actually pay for it.

During your referendum campaign, you may find that you pay for items or activities at a lower cost than their commercial value. For example, if the supplier supports your campaign.

You must record the full commercial value of these items or activities if:

- you receive the item free of charge or at a discount of more than 10%, **and**
- the difference in value is over £200

If you receive a discount of 10% or less, or the difference in value is £200 or less, you only need to record the amount you paid.

**Commercial discounts** are those available to other similar customers, such as discounts for bulk orders or seasonal reductions.

**Non-commercial discounts** are special discounts that you, specifically, are given by suppliers.

## Valuing notional spending

If the supplier is a commercial provider, you should use the rates they charge other customers. If this information isn't available, you should find out what similar providers charge for the same goods or services and use this as the commercial value.

You should keep a record of how you reached your valuation and keep copies of any quotes you receive.

Internet price comparisons are a vital source of market rates

The value you declare must be a fair and honest assessment of the commercial value.

If you are not sure how to value something, please call or email us for advice.

### **Valuing seconded staff**

If an employer seconded a member of staff to your campaign, you must record their gross salary and any additional allowances as the notional value.

You do not need to include the employer's national insurance or pension contributions.

## **Working with other campaigners**

You may choose to work with other campaigners as part of a coordinated plan or arrangement. Working with other campaigners can contribute to effective campaigning for a particular outcome. Where campaigners work together, it is more likely that the voter will get clear and consistent information from either side of the debate. It will help ensure a level playing field and greater transparency.

There are spending rules that apply if you or a campaigner that you are working with spends money as part of a coordinated plan or arrangement. We call these the "working together" rules.

## **What we mean by 'working together'**

'Working together' means spending money as a result of an agreed plan or arrangement between one or more campaigners during the referendum period.

### **The guiding principle**

This will help you to decide whether you and another campaigner are spending money as part of working together. The guiding principle is that, in all cases, you should make an honest assessment, based on the facts, whether you or another campaigner are spending money as part of a common plan or arrangement.

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This will be straightforward for some spending. However, in some situations it may be difficult to decide when you are spending money as part of a common plan or arrangement. You should make an honest assessment based on all the circumstances. If you are not sure, call or email us for advice.

In our view, you are not working together if:

- you have informal discussions with other campaigners that do not involve decision making or coordinating your plans
- you speak at an event organised by another campaigner, but do not participate in any other way
- you do not consult other campaigners about what you should say in your campaign or how you should organise it

In our view, you will be very likely to be working together if:

- you have joint advertising campaigns, leaflets or events
- you coordinate your activity with another campaigner – for example, if you agree that you should each cover particular areas, arguments or voters
- another campaigner can approve or has significant influence over your leaflets, websites, telephone scripts or other campaign materials

## **Working together with other campaigners and not with a designated lead campaign group**

If campaigners work together as part of an agreed plan or arrangement, the combined referendum spending will count towards the limits for each campaigner involved. This may mean that campaigners involved will need to register even if they spend less than £10,000 individually.

## **Working with a designated lead campaign group**

The rules are different if you are, or are working with, a designated lead campaign group who authorises your spending. You can find out more about designated lead campaigners [here](#).

### Important

If you are not sure whether or not you will be regarded as working together with other campaigners, please call or email us for advice.

Then, all the costs count towards the lead campaign group's spending limit. No costs count towards your individual campaigning spending limit. But the lead campaign group will have to count all the expenses of all the campaigners towards its own limit.

This is to help to enable lead campaign groups work with those campaigning for the outcome effectively and efficiently. It only applies after the lead campaign group is designated.

If you are authorised to incur referendum spending on behalf of a designated lead campaigner that is less than £10,000, then you do not have to report this authorised spending after the referendum.

The working together rules only apply if we are able to designate lead campaigners for both outcomes. If we cannot do this, campaigners that work together will simply need to record and report their individual spending against their own limits.

## Examples

### Example A

Your campaigning group "A", a political party "B" and another campaigner "C" agree together to have an advertising campaign on behalf of all three campaigners that involves designing, producing and distributing campaigning leaflets. You spend £30,000 on the design, party B spends £25,000 and the campaigner C uses its volunteers to distribute the leaflets, but spends nothing. None of these campaigners is a designated lead campaign group, although campaigners have been designated in respect of both referendum outcomes.

This campaigning activity falls within the working together rules because you have spent money as part of a common plan. This means that the spending incurred counts against the spending limits of all of those involved in the plan. So you, the political party B and campaigner C all need to register as campaigners, and £55,000 counts against the spending limits of each.

### Example B

You agree with a number of other campaigners to pool resources on a campaign. You spend £15,000. Campaigner B

#### Important

Make sure you keep adequate records to prove that you were authorised to spend money campaigning on behalf of the designated lead campaigner.

#### Important

Our [referendum expenses form](#) has different sections for reporting referendum spending depending on how your campaign is structured. We recommend that you familiarise yourself with the expenses form from an early stage.

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spends £5,000. Campaigner C spends nothing, but does some volunteer work. Campaigner D is one of the designated lead campaign groups, and spends £200,000.

In this case, you, B and C are treated as incurring no spending for the purposes of the registration and spending limits. You, B + C do not need to register. D is treated as incurring £220,000 for the purposes of the spending limits.

## Managing referendum spending

### Splitting spending

You may need to split your costs between items which count as referendum spending and those that don't. You may also need to split your costs between items used before the referendum period began, and those used during it.

In all cases, you should make an honest assessment, based on facts, of the proportion of expenditure that can be fairly attributed to your referendum campaign spending.

You can find more information in our [expert paper: Splitting campaign spending](#).

### Authorising and paying referendum spending

Only the 'responsible person' registered with us and people authorised in writing by the responsible person can incur costs relating to referendum spending.

Authorisations can relate to spending on particular items, or up to a particular amount.

These rules are in place to make sure that spending can be controlled and accurately recorded and reported.

You should make sure that your volunteers and campaigners are aware of who can and cannot incur costs.

### Time limits for receiving and paying invoices

#### Receiving invoices from suppliers

Invoices from your suppliers must be sent within 30 days of the end of the referendum (18 October 2014). You must not pay



#### Important

The responsible person must be able to declare that your spending return is complete and that it is correct to the best of their knowledge and belief.

By 'incur' we mean make a legal commitment to spend money, such as confirming an order.



#### Important

It is your responsibility to ensure you receive all invoices within 30 days.

invoices received later than that without applying for permission from us to do so.

You should make it clear to your suppliers at an early stage that you may not be able to pay them if they do not get their invoice(s) to you within that 30 day period.

### **Paying invoices from suppliers**

You must pay all your invoices from suppliers within 60 days of the end of the referendum (17 November 2014), unless you received an invoice late and obtained permission from us to pay later.

We cannot give permission to pay an invoice after 17 November if the invoice was received within the 30 days.

We may take enforcement action if you pay an invoice after the 60 days.

## Recording referendum spending

You must record all your referendum spending. You will need to send us this information in your spending return after the referendum.

You must also keep invoices or receipts for any spending over £200.

### **What you need to record**

For each item of spending, you must record the following information to put into your spending return:

- The name and address of the supplier
- The amount or value

#### **Items given free of charge**

If you receive items free of charge, as notional expenditure, you must record the full market value of the item.

#### **Important**

All costs should include VAT, even if you can recover VAT payments.

If an item has a value of more than £500, and it is given free of charge or at a non-commercial discount, it may also be donation.

For more information see this document:

- [Overview of donations to campaigners](#)

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## Items given at a non-commercial discount

If you receive items at a discount of more than 10% **and** it is valued at more than £200, as notional expenditure, you must include the full market value of the item.

## Reporting after the referendum

### Campaign spending £10,000 or less

If you spend £10,000 or less campaigning at the referendum then you do not complete a referendum campaign expenditure return. Instead, you make a declaration to us that your total spending was less than £10,000. You can do this [online](#) or by completing form [RIS3A – declaration of spending less than £10,000](#).

### Campaign spending more than £10,000

If you spend more than £10,000 campaigning at the referendum then you must report your campaign spending to us in your campaign expenditure return.

Your spending return must include the following:

- Records of your spending and donations
- Invoices and receipts for any payment over £200
- A declaration from the ‘responsible person’ to say that the return is complete and correct

You can do this [online](#) or by completing and returning form [RIS3B - referendum campaign spending return](#).

If you have spent over £250,000 on your referendum campaign, you will also need to include a qualified auditor’s report.

### Important

If you didn’t incur any referendum spending, you still need to notify us either [online](#) or by completing form [RIS3A](#)

For more information see this document:

- [Auditor’s report template](#)

## Campaign reporting deadlines

The date by which you must report to us depends on how much you spent on your campaign. The deadlines are shown below.



You may be liable for enforcement action if you don't submit your return on time.

## How we can help

You can find more information in the guidance documents we have suggested in this document, or you can view our full range of guidance and up-to-date resources on our website.

If it's easier, you can also contact us on the phone number or email address below. We are here to help, so please get in touch.

Call us on:

0131 225 0202

[scotreferendum@electoralcommission.org.uk](mailto:scotreferendum@electoralcommission.org.uk)

Visit us at [www.electoralcommission.org.uk](http://www.electoralcommission.org.uk)

We welcome feedback on our guidance – just email us at:

[info@electoralcommission.org.uk](mailto:info@electoralcommission.org.uk)